

# Exhibit 1

**ALON** Refining Krotz Springs, Inc.

12700 Park Central Drive  
Suite 1600  
Dallas, TX 75251  
972.367.4000

**VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED**

April 3, 2015

Chief  
Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
P.O. Box 7611, Ben Franklin Station  
Washington, DC 20044-7611

Director  
Air Enforcement Division (2242-A)  
Office of Enforcement and Compliance Assurance  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460-0001

United States Attorney  
Western District of Texas  
c/o U.S. Marshal Service  
U.S. Courthouse  
655 E. Durango  
San Antonio, TX 78206

Administrator  
Department of Environmental Quality  
Enforcement Division  
Office of Environmental Compliance  
P.O. Box 4312  
Baton Rouge, Louisiana 70821-4312

Chief  
Air, Toxics, and Inspection Coordination  
Branch (6EN-A)  
Compliance Assurance and Enforcement  
Division  
U.S. Environmental Protection Agency,  
Region 6  
1445 Ross Avenue  
Dallas, Texas 75202

**Re: United States of America, et al. v. Valero Refining Company, et al. and Tesoro Refining and Marketing Corporation – Section XXV. Termination**

Dear Notice Recipients:

In accordance with Section XXV of the above-referenced Consent Decree, Alon Refining Krotz Springs, Inc. ("Alon") is certifying that all applicable requirements described in Paragraphs 359-364 have been completed for its Krotz Springs, Louisiana refinery ("KSR"). See Appendix A.

Paragraph 359 of the Consent Decree requires that certain specific obligations be met in order to seek termination of the CD. All of the following requirements of the Consent Decree, as applicable to KSR, have been satisfied:<sup>1</sup>

**359.a.: Installation of control technology systems as specified in this Consent Decree**

Although the Consent Decree does not define or otherwise describe “control technology systems,” KSR performed significant work in order to achieve compliance with the Consent Decree:

- In order to achieve NOx emission reductions to meet the system-wide final average for Covered Heaters and Boilers, as required by Paragraph 21, KSR removed four older high-NOx boilers from service (B-8001, B-8002, B-8201, B-8202) and replaced them with a newer ultra-low NOx boiler (B-8204), and replaced older high-NOx burners with ultra-low NOx burners on two existing boilers (B-8003 and B-8203) and one existing heater (H-4201).<sup>2</sup>
- In order to achieve NOx emission reductions to meet the system-wide final average for covered FCCUs, as required by Paragraph 48, KSR made physical and operational changes to its FCCU specific to NOx reductions, including replacing then modifying the spent catalyst distributor, modifying the reactor stripper, modifying the feed system, changing catalyst additives, and optimizing the air grid, O2 and regenerator levels to improve air distribution.
- In order to achieve SO2 emission reductions for KSR’s FCCU, pursuant to Paragraph 86, KSR trialed, and then significantly increased, the use of catalyst reducing additives to achieve 25 ppm/50 ppm on a 7-day/365-day rolling average.
- In order to achieve SO2 emission reductions for KSR’s Flares, pursuant to Paragraph 235, KSR eliminated or re-routed continuous or intermittent routinely-generated fuel gases to flares, identified valves found to be leaking into the flare system and made repairs, and installed an H2S CEMS and a flow meter to maintain emissions of less than 500 pounds per day of SO2 under normal conditions.

All of the actions taken by KSR to comply with the applicable provisions of the Consent Decree are described in the CD Milestone Chart (Attached as Appendix B).

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<sup>1</sup> On July 3, 2008, Alon Refining Krotz Springs, Inc., acquired the stock of Valero Refining Company - Louisiana, the owner of the Krotz Springs Refinery, from Valero Energy Corporation (“Valero”). Several Consent Decree obligations were completed prior to Alon’s ownership of KSR. In those cases, we have attached supporting documentation from Valero.

<sup>2</sup> The Parties reached a Stipulation regarding KSR’s claim of force majeure related to operation of Boilers 8203 and 8204. The Stipulation required KSR to begin operation of Boiler 8203 by December 31, 2012 and Boiler 8204 by September 30, 2012. Appendix C.

**359.b: Compliance with all provisions contained in this Consent Decree, which compliance may be established for specific parts of the Consent Decree in accordance with Paragraph 360 below**

KSR has achieved compliance with all provisions in this Consent Decree. The majority of emission controls and limits became effective between 2006 and 2012. Since then, KSR has been maintaining compliance with the ongoing flaring investigation and correction action, BWON and LDAR requirements, as well as continuing monitoring, reporting and recordkeeping requirements. KSR timely submitted its semiannual progress reports required by Paragraph 308, which include KSR's certification of the information contained in the report, as required by Paragraph 309.

KSR also is providing the attached written report, in accordance with paragraph 360. Attached at Appendix A. Also, the enclosed disk contains comprehensive documentation demonstrating KSR's compliance with the Consent Decree (Date of Entry-2013).

**359.c: Payment of all penalties and other monetary obligations due under the terms of the Consent Decree; no penalties or other monetary obligations due hereunder can be outstanding or owed to the United States or the Plaintiff-Intervenors**

No penalties or other monetary obligations are outstanding or owed to the United States and Louisiana. Valero paid the civil penalty due to the United States and Louisiana within 30 days of the Date of Entry. KSR also timely paid penalties associated with completion of the NSPS Subpart QQQ and Refinery MACT I audits, in accordance with paragraphs 276 and 284. Supporting documentation is attached at Appendix E.

**359.d: Completion of the Supplemental Environmental Projects as set forth in Part XIX**

KSR timely completed the Truck and Vehicle Emission Reduction Supplemental Environmental Project in the vicinity of the Krotz Springs and St. Charles Refineries as required by Paragraph 317.b.ii. Supporting documentation is attached at Appendix D. KSR was not required to complete any Facility/Community-Specific Supplemental/Beneficial Environmental Projects.

**359.e: Application for and receipt of permits incorporating the emission limits and standards required by Part XIV [Permits]**

KSR has received permits incorporating the following emission limits and standards established under Part XIV:

- NO<sub>x</sub> Emission Limits to meet obligation under system-wide average for Covered Heaters and Boilers (Para. 21)
- Final FCCU NO<sub>x</sub> Emission Limit to meet obligation under system-wide average for Covered FCCUs (Para. 48.b)
- Final FCCU SO<sub>2</sub> Emission Limit (Para. 86)

- FCCU CO, PM and Opacity Emission Standards (Paras. 94, 95)
- NSPS Applicability for FCCU, Heaters and Boilers and Flares (Paras. 97, 107.g, 115, 235.d)
- Fuel Oil Prohibition (Para. 113)

In accordance with Paragraphs 291 and 292, for each of the emission limits and standards listed above, the Refinery submitted applications to the Louisiana Department of Environmental Quality (LDEQ) to incorporate the emission limits and standards required by the Consent Decree into federally enforceable permits. In response, LDEQ issued a PSD permit modification for PSD affected emission sources, and simultaneously issued a modification to the Refinery's Title V operating permit incorporating emission limits or standards for all sources. See attached correspondence and KSR's PSD permit modification at Appendix F. All relevant permit issuance dates are referenced in the attached CD Milestone Chart, attached at Appendix B. The enclosed disk also contains all relevant permit applications and permits.

Attached at Appendix G is an excerpted copy of KSR's current Title V Operating Permit. The specific conditions including the limits and standards listed above are highlighted for reference.

Sincerely,



Gregg Byers  
Vice President of Refining

Attachments

cc: James Ranspot, Esq.  
Ms. Anita Junker  
LeAnn Johnson Koch, Esq.  
Richard Walsh, Esq.



Terri Dykes, Esq.

Valero Energy Corporation  
Attn: Senior Vice President and General Counsel  
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San Antonio, TX 78249